

News Release

Farm Service Agency
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1400 Independence Ave. SW
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Washington, DC 20250-0506

Release No. 1463.98

Program Announcement

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USDA ANNOUNCES PREVAILING WORLD MARKET PRICE, LOAN DEFICIENCY PAYMENT RATE, AND USER MARKETING CERTIFICATE PAYMENT RATE FOR UPLAND COTTON

WASHINGTON, April 9, 1998 -- Keith Kelly, executive vice president of USDA's Commodity Credit Corporation, today announced the prevailing world market prices, adjusted to U.S. quality and location (adjusted world price or AWP), for Strict Low Middling (SLM) 1-1/16 inch (leaf grade 4, micronaire 3.5-3.6 and 4.3-4.9, strength 24-25 grams per tex) upland cotton (base quality), and the coarse count adjustments (CCA) in effect from 5:00 p.m. today through 3:59 p.m. Thursday, April 16. The user marketing certificate (Step 2) payment rate in effect from 12:01 a.m. Friday, April 10 through midnight Thursday, April 16 is 4.25 cents per pound.

The Federal Agriculture Improvement and Reform Act of 1996 provides that the AWP may be further adjusted if: 1) the AWP is less than 115 percent of the current crop year loan rate for base quality upland cotton, and 2) the USNE price exceeds the NE price. This week, both conditions for this adjustment have been met, and it has been determined that this further adjustment to the AWP shall be 0.0 cents per pound.

This week's AWP and CCA are determined as follows:

Adjusted World Price

NE Price	65.75
Adjustments:	
Avg. U.S. spot market location	12.08
SLM 1-1/16 inch cotton	1.90
Avg. U.S. location	0.14
Sum of Adjustments	- 14.12
ADJUSTED WORLD PRICE	51.63 cents/lb.

Coarse Count Adjustment

NE Price	65.75
NE Coarse Count Price	- 63.32
	2.43
Adjustment to SLM 1-1/32 inch cotton	- 3.70
COARSE COUNT ADJUSTMENT	
(Cannot be less than zero).....	0.00 cents/lb.

-more-

Because the AWP for the period is less than 51.92 cents per pound, which is the base quality loan rate, the loan repayment rate during this period is equal to the AWP, adjusted for the specific quality and location. The loan repayment amount will be further adjusted by the application of a storage credit, and interest will be waived.

Because the AWP is less than the 1997-crop loan rate, cash loan deficiency payments (LDPs) will be paid to eligible producers who agree to forgo obtaining marketing assistance loans with respect to the 1997 crop. The payment rate, effective from 5:00 p.m. today through 3:59 p.m. Thursday, April 16, will be 0.29 cents per pound.

Step 2 payments are provided this week because, for four consecutive weeks, the USNE price has exceeded the NE price by more than 1.25 cents per pound and the AWP has not exceeded 130 percent of the loan rate for upland cotton. Relevant data for the Step 2 program follow:

	Fri/Thur	AWP as %			USNE	
	Period	Loan	USNE	NE	Less	Step 2
Week	Ending	Rate 1/	Price	Price	NE Price	Rate
		 cents/lb			
1	3/19/98	105.6	76.85	68.96	7.89	6.64
2	3/26/98	104.5	75.15	68.35	6.80	5.55
3	4/2/98	103.8	74.85	68.01	6.84	5.59
4	4/9/98	99.4	71.25	65.75	5.50	4.25

1/ The marketing year 1997 loan rate is 51.92 cents per pound.

The next announcement of the AWP, CCA, LDP rate, and user marketing certificate payment rate will occur on Thursday, April 16 at 5 p.m.

Further program information is available from Wayne Bjorlie, (202) 720-7954, E-mail wayne_bjorlie@wdc.fsa.usda.gov

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